

Date:1/12/23 MODEL 1 EXAMINATION (2023-24) Max marks: 80
GRADE: XII ECONOMICS (code 030) Time: 3 Hour

General Instructions:

- The question paper contains two sections:
 Section A- Macro Economics
 Section B Indian Economic Development
- ii. This paper contains 20 Multiple Choice Questions type questions of 1 mark each.
- iii. This paper contains 4 Short Answer Questions type questions of 3 marks each to be answered in 60 to 80 words.
- iv. This paper contains 6 Short Answer Questions type questions of 4 marks each to be answered in 80-100 words.
- v. This paper contains 4 Long Answer Questions type questions of 6 marks each to be answered in 100 to 150 words.

Qn. No	SECTION A	Marks allocated
1	If in an economy the value of Net factor Income from abroad is Rs.200crores and the value of Factor income from abroad is Rs.40crores. Identify the value of Factor Income from Abroad. a. Rs.200crores b. Rs.160crores c. Rs.240crores d. Rs.180crores OR Both statements are true	1
2	In the present COVID-19 Times many economists have raised their concerns that Indian economy may have to face a deflationary situation, due to reduced economic activities in the country. Suppose you are a member of the high powered committee constituted by the Reserve Bank of India (RBI) you have suggested that as the supervisor of commercial banks of the money supply be ensured by the Reserve Bank of India (RBI) (Choose the correct alternatives) a. restriction c. both a and b b. release d. neither a nor b OR OPTION C	1

3	Read the following sentences. Assertion (A) and Reason (R) and choose the correct alternative: Assertion: A fall in saving rates offered by banks decreases money supply with public. Reason: Saving rates or Bank rates are the quantative credit control measure used by the Central Bank to control the supply of money with the public. Alternatives: a. Both assertion and reason are correct and reason is the Correct explanation of reason b. Both assertion and reason are correct and reason is not the correct explanation of assertion. c. Assertion is true but reason is false d. Assertion is false but reason is true. Identify the correct pair of formula from the following column I and					
4	Identify the correct pair of formu II. Choose the correct alaternati	5	1			
	Column A	Column B				
	A. Current Account Surplus	i. Receipts < Payments				
	B. Current Account Surplus	ii. Receipts > Payments				
	C. Balance Current Account	iii. Receipts = Payments				
	D. Current Account Deficit	iv. Receipts =<br Payments				
	Alternatives:	o C iii				
	a. A-i b. B-ii	c. C-iii d. D-iv				
	8. B 11	u. D IV				
5		e system gives the government	1			
	more flexibility to maintain large stocks of foreign exchange reserves.					
	 b. In the managed floating exchange rate system, the government intervenes to buy and sell foreign currencies. 					
	c. In the managed floating exchange rate system, the Central Bank intervenes to moderate exchange rate					
	fluctuations.					
	d. In the fixed exchange rate	system market forces fix the				
	exchange rate	nacional work function Consults for Nacional	1			
6		recorded on side of	1			
	account. (Fill up alternative)	p the bianks with correct				
	a. Credit, current	c. Credit, capital				
	b. Debit, capital d. debit, current					

7	Cut in repo rate by RBI is likely to the demand for goods and services in the economy (Choose the correct alternative) a. Increase b. Decrease d. none of the above	1
8	The difference by which actual Aggregate Demand exceeds the Aggregate Supply, required to establish full employment equilibrium is known as(choose the correct alternative) a. Inflationary gap b. Deflationary gap c. deficient demand d. effective demand OR no change in aggregate demand	1
9	The impact of 'Excess Demand' under Keynesian theory of income and employment, in an economy are: (choose the correct alternative) a. Decrease in income, output, employment and general price level. b. Decrease in nominal income, but no change in real output c. Increase in income, output, employment and general price level. d. No change in output/employment but increase in general price level	1
10	Read the following Assertion (A) and Reason(R) and choose the correct alternative: Assertion (A): Private consumption expenditure is determined by the level of personal disposable income of the economy. Reason (R): The total demand for all goods or services by the household in an economy during an accounting year is termed as Private consumption expenditure. Alternative: (A) Both Assertion(A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A) (B) Both Assertion (A) and Reason (R) are correct and Reason is not the correct explanation of Assertion (A) (C) Assertion (A) is true but reason (R) is false. (D) Assertion (A) is false but Reason (R) is true.	1
11	State with valid reason, which of the following statements are true or false: (i) Gross value added at market price and Gross domestic product at market price are one and the same thing. (ii) Intermediate goods are always durable in nature Ans I – the given statement is false GDPis the result of the sum of GVA by all producing units. II- The given statement is false as the non -intermediate Intermediate in their nature and they lose their identity in the process of creation of new commodity during an	3
	the process of creation of new commodity during an accounting year	

		1
12	State giving valid reasons, whether the following statements are True or false:	3
	(i) Current account in Balance of Payments records only	
	the exports and imports of goods and services.	
	(ii) Borrowings from abroad are recorded in the Capital	
	Account of the Balance of Payments on the debit side.	
	Ans i. false, as the current account records unilateral transfers along with export and import	
	of goods and Services	
	ii. false as the borrowing from abroad is recorded	
	in the credit side as it results in the inflow of	
	foreign currency in the economy	
	OR	
	The given statement is refuted as the current	
	account deficit is a broader concept. Current account deficit occurs when the foreign exchange	
	payments on account of visible, invisibles and	
	current transfers are in excess over the receipts of	
	visible, invisibles and current transfers.	
13	(i) Define money multiplier.	1
	(ii) 'Credit creation is inversely related to the reserve deposit ratio'. Justify the given statement using a	3
	hypothetical example.	5
	Ans- i. It is the process by which the commercial banks	
	create credit, based upon the reserve ratio and initial	
	deposits.	
	ii. reserve deposit ratio is the minimum reserves which a	
	commercial bank must maintain as per the instructions of	
	the central bank. Credit creation = 1/reserve ratio	
	Suppose the reserve ratio is 0.2 and initial deposit is Rs.1000cr.	
	Total credit created=1/reserve ratiox1000,	
	1/0.2x1000=2000cr.	
14	.Ans Y=C+I Y=(200+0.5Y)+400, Y-0.5Y=600, Y=600/0.5=	4
	Rs.1200cr	
	The equilibrium level of income is Rs.1200 cr. The given	
	income Rs.1500cr. is greater than equilibrium level of	
	income. Therefore the economy is not in equilibrium. OR	
	Exante saving is the desired or planned saving during a year	
	Full employment- all available labor resources are used in an	
	efficient way	

15 Suppose the Gross Domestic Product (GDP) of Nation X was Rs.2000cr.in 2018-19, whereas the Gross Domestic Product (GDP) of Nation Y in the same year was Rs.1,20,000cr. If the GDP of Nation X rises to Rs.4000 cr. In 2019-20 and the GDP of Nation Y rises to Rs.2,00,000cr.in 2019-20. Compare the rate of change of GDP of Nations X and Y taking 2018-19 as base year. Ans- Growth rate of GDP= Change in GDP/Base year GDP X100 OR Domestic services by house wife is not included in the national income as its has no monetary or economic value.It does not add to flow of goods and services/Compensation to victims of cyclone is an example of social welfare its not included in the estimation of national income as its tranfer payment 16 "India's GDP contracted 23.9% in the April-June quarter of 2020-21 as compared to same period of 2019-20, suggesting that the lockdown has hit the economy hard" The Hindustan Times, 1st September, 2020 State and discuss any two fiscal measures that may be taken by the Government of India to correct the situation indicated in the above news report. Ans- The situation suggests that Aggregate demand is less than Aggregate supply. Following two fiscal measures may be taken to control it. i. Decrease in taxes- this will increase the purchasing power in the hands of the general public. This may increase the purchasing power in the hands of general public, which may increase the aggregate			
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(i) Elaborate the objective of allocation of resources in the				
(i)	Elaborate the objective of allocation of resources in the Government Budget.	3+3		
(ii)	Study the graph and comment on it			
	9.00 8.00 7.00 8.00 7.00 8.00 1.00 1.00 0.00 A first of the first of			
 i. Balance the goals of all sections of the society, production of goods and services which are injurious to the society must be discouraged, and which are socially beneficial should be encouraged through subsidies. If private sector does not take the initiative the government should take direct control of water supply and sanitation. ii. The graph shows the gross fiscal deficit as the percentage of GDP and growth rate of GDP. As the GDP increases the fiscal deficit is high. This means that the government capital expenditure is greater than government revenue. 				
SECTION B				
Read the following statements 1 and 2 and choose the correct alternative Statement 1: Under economic reforms of privatization the business and production units were given freedom to import capital goods to upgrade their technology. Statement 2: Under economic reforms of liberalization the need for licensing was abolished. a. Both statements are true c. Only statement 1 is true b. Both statements are false d. Only statement 2 is true				
	i. Read the alternate Statem busines goods to Statem for licer a.	i. Balance the goals of all sections of the society, production of goods and services which are injurious to the society must be discouraged, and which are socially beneficial should be encouraged through subsidies. If private sector does not take the initiative the government should take direct control of water supply and sanitation. ii. The graph shows the gross fiscal deficit as the percentage of GDP and growth rate of GDP. As the GDP increases the fiscal deficit is high. This means that the government capital expenditure is greater than government revenue. SECTION B Read the following statements 1 and 2 and choose the correct alternative Statement 1: Under economic reforms of privatization the business and production units were given freedom to import capital goods to upgrade their technology. Statement 2: Under economic reforms of liberalization the need for licensing was abolished. a. Both statements are true c. Only statement 1 is true		

Read the following statements- Assertion (A) and Reason (R). Choose one of the correct alternatives given below: Assertion (A): India became an exporter of primary products and an importer of finished consumer and capital goods produced in Britain. Reason (R): Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affected the structure, composition and volume of India's foreign trade. Alternatives: a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). c. Assertion (A) is true but Reason (R) is false d. Assertion (A) is false but Reason (R) is true	1
Read the following statements-Assertion (A) and Reason (R	1
Choose one of the correct alternatives given below: Assertion (A): The major policy initiatives i.e., land reforms and green revolution helped India to become self-sufficient in food grain production. Reason (R): The proportion of people depending on agriculture did not decline as expected, Alternatives: a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) c. Assertion (A) is true but Reason (R) is false d. Assertion (A) is false but Reason (R) is true OR Both assertion and reason are true and reason is not the correct explanation of assertion	
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21	 (R). Choose the correct alternatives given below: Assertion (A): Every year government fixes a target for disinvestment of Public Sector Enterprises (PSEs) Reason (R): Disinvestment is an excellent tool for discarding the loss incurring Public Sector Enterprises (PSEs) Alternatives: a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) b. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) c. Assertion (A) is true but Reason (R) is false 				
22		<u> </u>	`	/B) · ·	1
22		the set of events/systems g ponding relevant fact given			1
		rrect pair of statement:	iii colaiiii	Tir, about china , choose	
		Column A		Column B	
	(a) Great leap forward	i.	Cultivating land	
				collectively	
	(b) Commune system	ii.	Opening of the	
				industries in their	
	(6) Proletarian Cultural	iii.	homes Students were sent to	
	(c	Revolution	1111.	work and learn from	
		Revolution		the countryside	
	(d) Economic reforms in	iv.	1988	
	\	. China			
	a.	(a) - (i)	c.	(c) -(iii)	
	b.	(b) – (ii)	d.	(d) – (iv)	
23	Great	Proletarian Cultural Revolut	ion was ir	ntroduced under the	1
		ship of	ion was n	The Gadeca and chief	-
	a.	์ Mao Zedong		c. M K Gandhi	
	b.	J L Nehru	d	. M A Jinnah	
		OR			
		China			
24		tainty of income for farmers			1
	a. h	Irregular rainfall Unavailability of labour		c. Unavailability of loans Unavailability of land	
	υ.	Chavanability of labour	u.	onavaliability of fatiu	
25	Somo	acanomist argue that dobt	waiver cel	homos are extremely	1
25		economist argue that debt cial to the poor and margina			1
		e the burden of	<u>.</u> Cu TuiT	as these selletties	
		Indebtedness		c. motivates the	
		farmers			
	b.	Personal expenditure	C	I. increase the produce	

26	The rural banking structure in India consists of a set of multi-agency institutions is expected to dispense credit at cheaper	1
	rates for agricultural purposes to farmers.	
	a. Regional Rural Banks c. Commercial Bank	
	b. NABARD d. Small Industries	
	Development Bank of India	
27	is the most prominent body responsible for providing loans for long term land development a. Regional Rural Banks b. Land Development banks d. Industrial Development	1
	Banks	
28	Interpret the given picture on account of education to farmers and its impact on their productivity	3
	With equal size of land how is it that his yield is more than mine?	
	OR	
	Discuss any two steps taken by the government in the direction of improving agricultural marketing system in India, since Independence.	3
	Ans-Educated person has more labour skill, hence higher earning capacity, can make better choices in life, stimulates innovation, adapts new technology. OR	
	A. Regulation of market B. Physical infrastructure	
29	Discuss briefly the concept of informalization of workforce in the context of Indian economy. Ans- Workforce has shifted from formal sector to informal sector, hence the proportion of informal workers in the total workforce has increased. This is known as informalization of work force. This is due to illiteracy, workers employed on contract, outsourcing of jobs to third parties	3

30	Ans-Public investof fertilizer substincreased internated and reduction of	rocess". Explain the timent in agricultu dy has increased ational competitive import duties, shi ort oriented policy	ersely affected by the e given statement re has reduced, reduction the cost of production, eness due to liberalization ft from food crops to cash in agriculture led to a rise	4
31	process in the form Process.	n of `self-reliance' as	roots of the Indian planning an objective of the planning at? Justify the rationale of the	4
	India on 'Financial 1991 Ans-In the post i Was to reduce th goods, services, domestic resource	Sector' front under ndependence peri e dependence on technology and ca	may increase foreign	4
		OR		
	facilitator, finan		educed from regulator to ven greater autonomy on	
32	Compare and analyse the given data of India and China with valid arguments. Annual Growth of Gross Domestic Product (%), 1980-2017			4
	Country	1980-90	2015-2017	
	India	5.7	7.3	
	China	10.3	6.8	
	Pakistan	188	2.1	
	<u> </u>	ators for Asia and Pa		
	1		Development Indicators	

33	į (generation it lead	esource extraction ex ds to reduction in cal "Discuss the rational	rrying capacity of	3			
	-			a advent of	3			
	(ii) How has population explosion and the advent of industrial revolution resulted in environmental crisis? OR							
	(i)	Why are loss we	omen found in regula	r calariod	2			
	1	employment?	illeli loulla ili regula	i Salarieu	_			
		. ,	nt trands in sactoral	distribution of	4			
	(ii) Analyse the recent trends in sectoral distribution of workforce in India							
	Trends in Employment Pattern (Sector-wise) 1993-2012							
	Sector	(in %) 1993-94	1999-2000	2011-2012				
	Primary	64	60.4	24.3				
	Secondary	16	15.8	24.3				
	Services	20	23.8	26.8				
			es are extracted, b	=				
	_		lisequilibrium and					
		•	onment carrying c	apacity of the				
		nt must be valu						
		• •	n explosion the gro	_				
			pulation is beyond					
			ere has been incre					
			ly hence the issue	of waste				
	ger	neration has be	en critical today					
			OR					
		i. Regula	ar salaried jobs red	uire high level of				
		literacy	and skill which is	lacking in				
		women	l .					
34	a The a	hove scheme i	s talking about the	DM KICAN				
77		ne of the gover		FPI KISAN				
		_	scheme is to provi	ide financial				
			ers and help them					
			-	•				
			narvest healthy cro					
		•	economy depends	-				
	-		time. As the gesta	J .				
			between sowing and harvesting is long farmers borrow					
	money from other informal sources for agricultural and							
		-		-				
		y from other in personal expe		-				
		-		-				
		-		-				
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